



## COUNTY OF PLACER

## OFFICE OF AUDITOR-CONTROLLER

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October 18, 2018

Mr. Jeff Brown, Director  
Health and Human Services Department  
3091 County Center Drive  
Auburn, CA 95603

Re: Retail Blanket Purchase Order Review

Dear Mr. Brown:

The Internal Audit Division of the Auditor-Controller's Office performed a review of controls over retail Blanket Purchase Order (BPO) office supply purchasing for the period of April 2017 through April 2018.

The objectives of our review were to determine whether adequate internal controls exist to provide reasonable assurance that department BPOs with local retailers are properly monitored, only authorized users are able to make purchases, purchases are properly authorized, substantiated, and monitored by the department. Our review consisted of inquiries of department personnel, a review of the terms of department specific BPOs, review of compliance with County policies, and support for purchases under these BPOs.

During our review, we noted areas where internal controls could be strengthened. Accordingly, our observations and recommendations are as follows:

### Review and Approval Process

During the period of review, we noted there was no formalized review and approval process documented for office supply purchases to ensure each purchase is in compliance with County policies and purchasing agreements within the Children's System of Care Division (Division) of the Health and Human Services Department. Subsequent to our testing, the Division implemented a process to have an approver assigned to each purchaser utilizing the approval function within the Office Depot web account.

We recommend the Division continue to ensure all Division employees with active user Office Depot accounts are assigned an individual (supervisor or above) as a reviewer and approver and are utilizing the approval function within the Office Depot web account.

Department/Division Response:

*The Division agrees with the recommendation and will continue to implement centralized approvals for Office Depot orders.*

Office Supply Storage

Per inquiry with Division staff, we noted there was a lack of a centralized storage area for office supplies creating inefficiencies in inventory control and staff locating necessary supplies. During fieldwork in May 2018, the Division was in the process of creating a centralized storage area for office supplies.

We recommend the Division continue to centralize office supplies in order to better maintain inventory and incorporate a process where physical inventory is reviewed prior to submitting orders which will assist in inventory control.

Department/Division Response:

*The Division agrees with the recommendation and has purchased supply cabinets with locks for office supplies. The higher cost supplies are kept locked with limited access. A list of standard office supplies has been established identifying which office supplies are "stock" items. These items include basic pens, pencils, notepads, staples, tape, paper clips, etc. Inventory of stock items are kept secured in locked cabinets. Only a few basic items are accessible freely to all CSOC staff at any given time. Stock is rotated from the locked cabinets to open cabinets as the supplies are used up. The inventory levels are kept low so as to not accumulate items that may become obsolete. Stock items are reordered when the inventory level is low and may cause a shortage of any item that is regularly used. Items not identified as "stock" would be considered a "special order". Prior to inputting an order into the Office Depot ordering system for a non-stock item, the purchase is reviewed with an authorized approver.*

We appreciate the Division staff's courtesy and cooperation throughout the course of this review.

Respectfully,



Nicole C. Howard, CPA  
Assistant Auditor-Controller

cc: Twylla Abrahamson, Client Services Program Director  
Jennifer Cook, Client Services Program Manager  
Placer County Audit Committee